

# OUR FIBRE FUTURE

Tō tātau urutaunga ki tua

CHORUS



# Overview

## Tirohanga whānui

Dear internet users, I am pleased to share Our Fibre Future, an overview of Chorus' investment plans. Our investment plans have been, and will continue to be, shaped by you — the end-users of our services — and by market and technology developments.

Our Fibre Future is a summary of a formal proposal to the Commerce Commission, our regulator, which evaluates our plans to confirm they best serve the long-term interests of fibre-users in Aotearoa. The focus of Our Fibre Future and our proposal to the Commission is our fibre services.

These services are provided over the Ultrafast Broadband or UFB fibre network that we built in partnership with the Government. We completed the UFB build in late 2022, on time and on budget — investing over \$4 billion and bringing world leading services to the majority of homes, schools, businesses and other organisations in Aotearoa.



**\$4 BILLION  
INVESTED IN  
BRINGING WORLD  
LEADING INTERNET  
SERVICES TO  
AOTEAROA**

## Overview continued

We are now focused on providing the best and most cost-effective service to as many internet users in Aotearoa as possible.

Our plans were formed through extensive public consultation and testing. This testing was overseen by consumer advocate, Sue Chetwin, who was invaluable in helping us understand what our stakeholders care most about. They are proposals only at this stage, and are subject to regulatory approval and, of course, other market developments.

I hope you find Our Fibre Future informative. We welcome your feedback and I encourage you to contribute as the Commission evaluates our proposal. Please see page 11 for details.



**Mark Cross**  
on behalf of Chorus

Our plans include expenditure to maintain current services, as well as discretionary investment to improve the reliability and sustainability of the network and meet ever-growing demand. In total we plan to spend \$2.1 billion over four years, including:



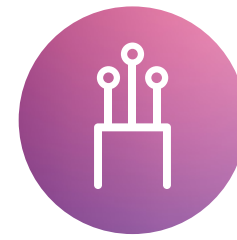
\$103m

Invest \$103m enhancing the resilience of our services, especially for those living in smaller communities, to major seismic, weather or other network impacting events.



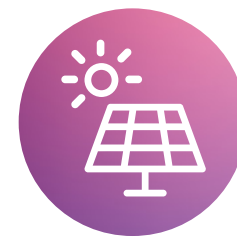
\$201m

Invest \$201m to extend our fibre network so a further 40,000 homes and businesses, around 110,000 people, can access world class fibre services.



\$310m

Continue meeting demand to connect to fibre, investing \$310m connecting a further 150,000 homes and businesses (this includes properties in our current footprint and in our proposed extended network).



\$12m

Invest prudently in energy efficiency and solar to reduce emissions and save electricity costs.

# Our plans, and our fibre future are shaped by you

Ā tātau whakaritenga, tō tātau anga whakamua, nōhou te mana whakairo

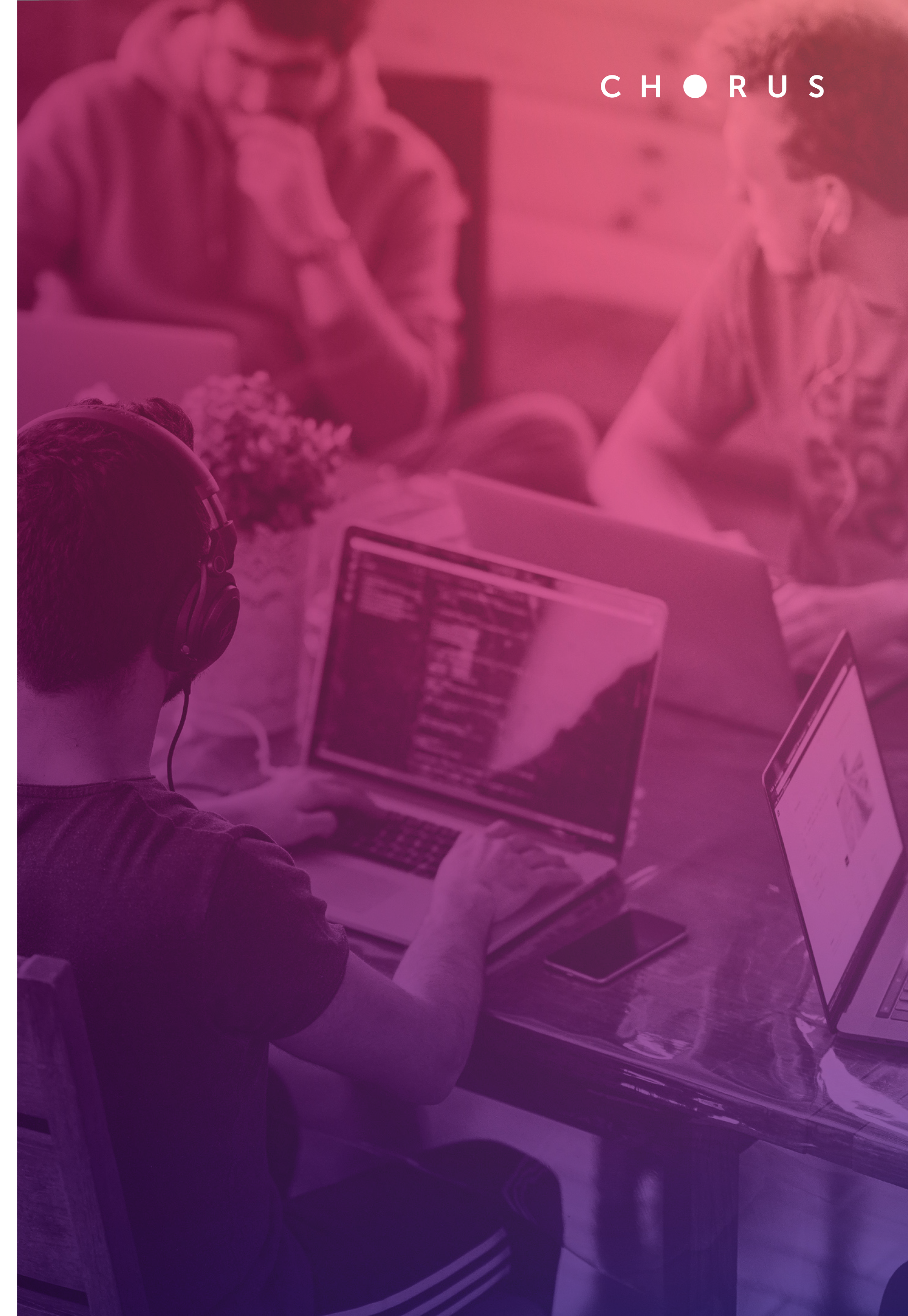
We can't, and shouldn't, decide what to invest in by ourselves. Our fibre plans need to work for you, as end-users of our services, and the retailers of our services.

We can observe which services people choose, their plan, speed and data use, but the only way to truly understand what matters most to end-users and stakeholders is through engagement and dialogue.

We're grateful to the more than 2,500 people, businesses, educational institutions, local authorities, iwi representatives and other parties that have shared their views.

By completing surveys, participating in interviews, responding to our consultation or joining a workshop discussion, you have given us a much clearer understanding of what matters most to you, and to Aotearoa.

**You have helped shaped our plans and our fibre future.**



# What matters most

He aha te mea nui

## YOU TOLD US

Fibre quality of service is good and must not deteriorate

## YOU TOLD US

Reliability and network resilience are your top priorities

## YOU TOLD US

Fibre should be available to more of Aotearoa

## YOU TOLD US

Sustainability matters and mustn't be greenwashing

## YOU TOLD US

To invest prudently in new internet technologies

## YOU TOLD US

To continue informing consumers and promoting fibre with a focus on education

## WE PROPOSE TO

Maintain current quality levels with incremental improvements

## WE PROPOSE TO

Double resilience investment compared to previous regulatory period

## WE PROPOSE TO

Make fibre accessible to a further 110,000 people outside our current network

## WE PROPOSE TO

Reduce emissions (and cost) through solar investments

## WE PROPOSE TO

Enable a demand-led transition to the next generation of fibre internet

## WE PROPOSE TO

Keep consumers educated and interested as we promote fibre

# Why we are doing this and why it matters to you

Te tikanga o ngā mahi nei, te hua ka puta mai

Access to good quality, reliable internet is essential to our modern day-to-day life. Compared to other internet options fibre is markedly superior in performance and reliability. Fibre services use less power (lower emissions) than other options and can be cost effectively upgraded simply by updating electronics, without change to the fibre itself.

Our expenditure proposal is our plan for meeting these challenges in what we think is the best and most cost-effective way. Our proposal will be reviewed by the Commerce Commission, which will check that our plans are prudent and efficient — that we spend the right amount of money on the right things at the right time.

The next few pages summarise the most important points of our proposal. You can find our full proposal [here](#).

Our investment plan is to keep delivering our high-quality fibre service and to improve it in three important ways:



Continue to support more broadband use

**People are using more and more data every month.**

As working from home continues and the use of 4K TVs, home automation and cloud services increase, we will ensure the fibre services can meet the ever-growing needs of New Zealanders.



Making broadband more robust during extreme events

**We are seeing the increasing frequency of extreme weather events, which can damage our network and disrupt services.**

We plan prudent steps to make our network more resilient to damage, and enable it to be restored faster when the worst happens.



Bringing fibre to more people

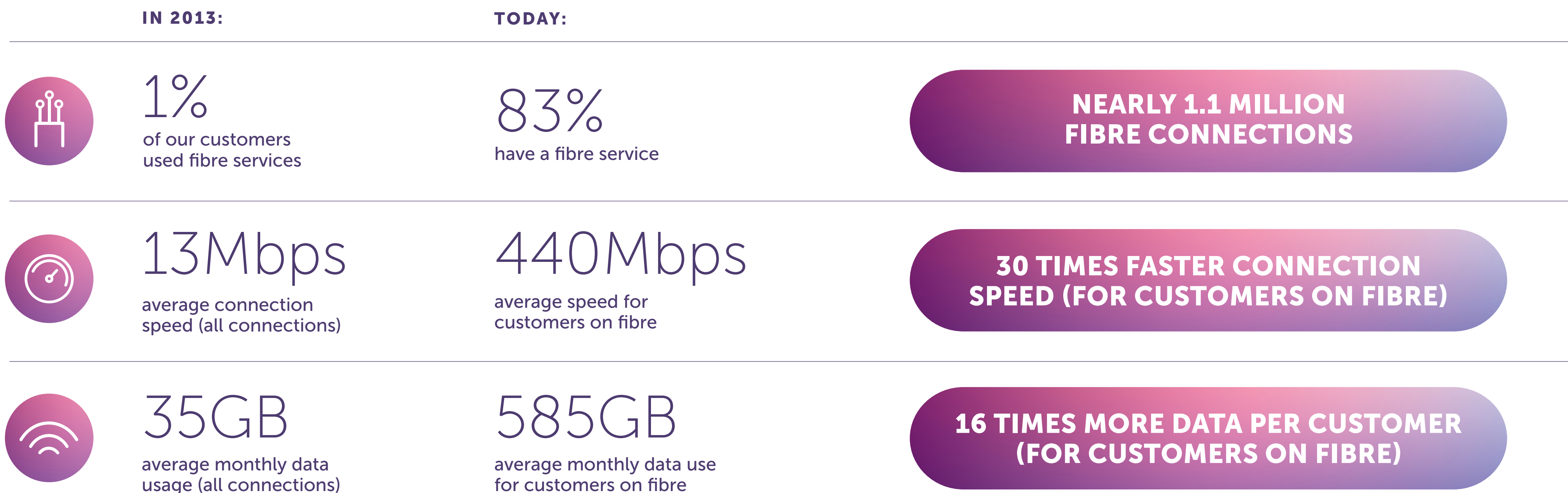
**13% of Aotearoa, or 650,000 people cannot yet access fibre.**

We can help bridge this 'digital divide' between urban and non-urban parts of the country and are committed to working with the Government to bring high-quality broadband services to those currently without fibre.

# How fibre use has changed

## Ngā whakamahinga hou

The last decade has seen profound changes in how we use the internet to live, learn, work and play. This change has been enabled by the digital infrastructure in Aotearoa, in particular availability of fibre services to internet users.



The investment plans we have provided to the Commerce Commission ensure we can continue to develop our fibre network so more internet users can access fibre and we can meet your internet needs well into the future.

# Getting the price right

## Kia tika te wāriu

Setting the right price means making sure fibre is affordable and that we can continue running the network and deliver great internet services to you.

The Commission sets allowable revenues on the basis of our costs. This means consumers can have confidence they are paying fair prices, while Chorus can fund the investment to maintain and improve our services.

### How this works in practice:



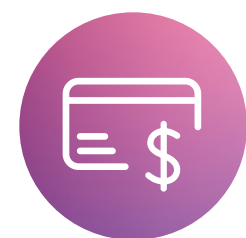
The Commerce Commission determines our 'allowable revenue'

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We set prices that retail service providers pay us

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Retail service providers set prices for end-users that include the cost of our fibre service

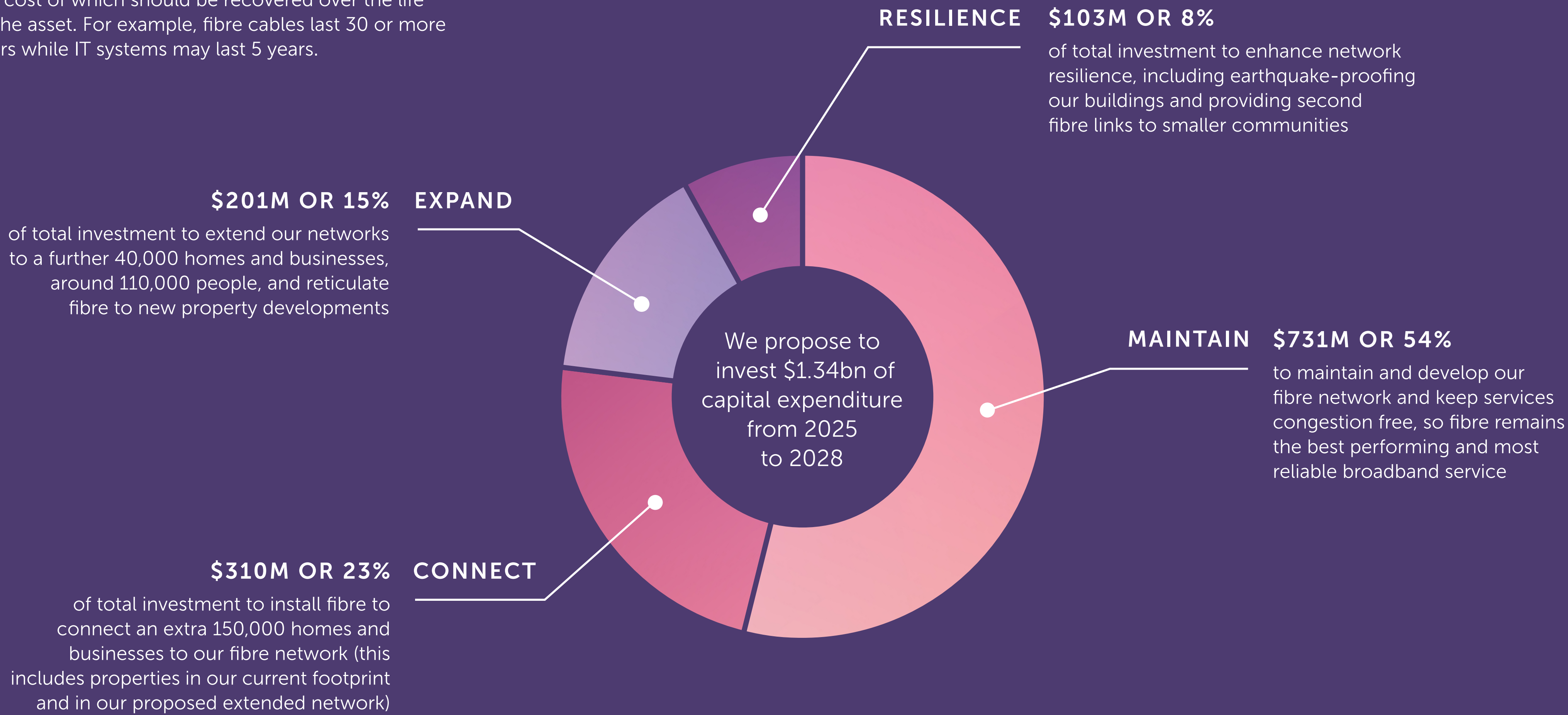




# Capital expenditure

## Whakapaunga pūtea rawa

Capital expenditure is investment that creates 'assets', the cost of which should be recovered over the life of the asset. For example, fibre cables last 30 or more years while IT systems may last 5 years.

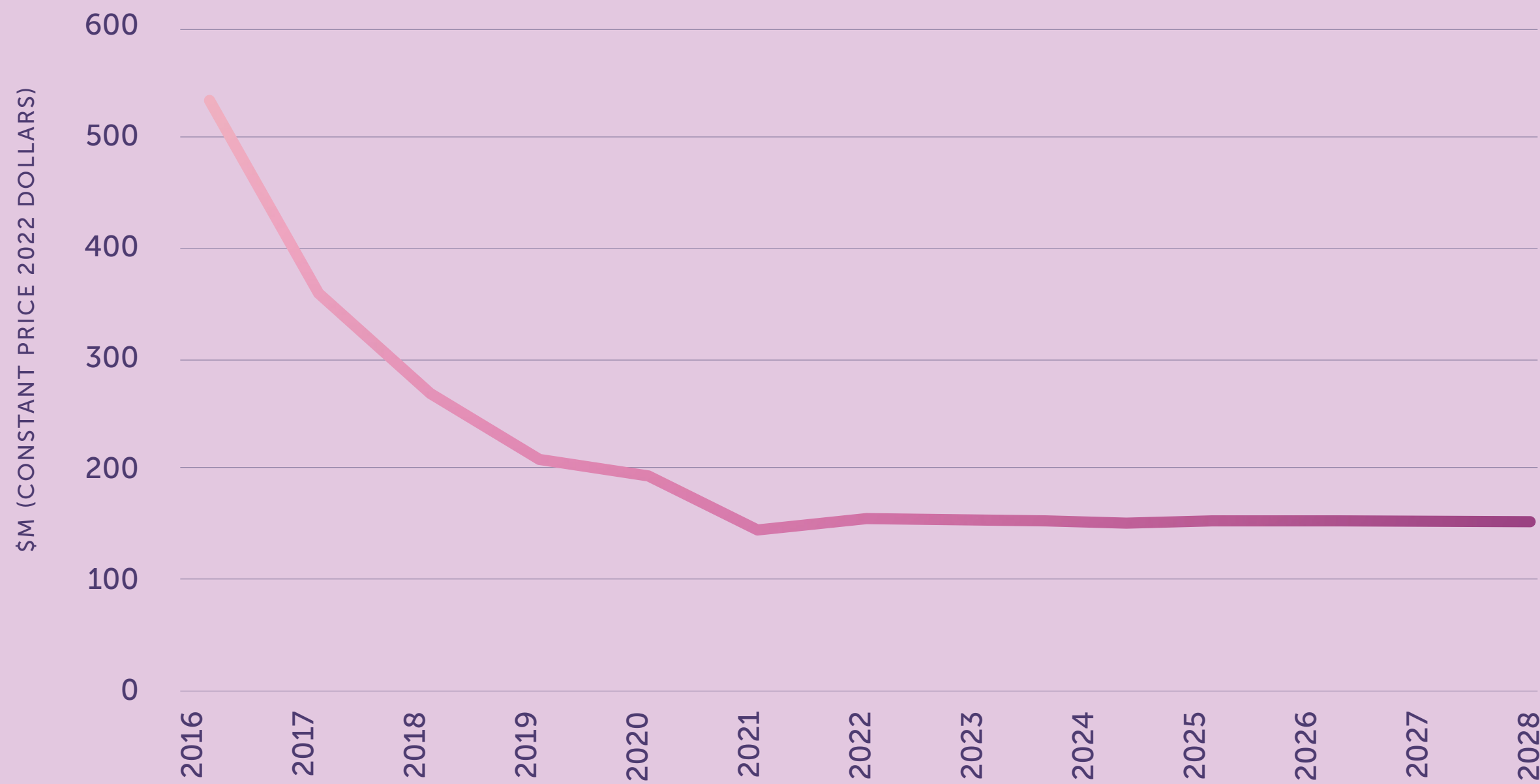


# Operating expenditure

## Whakapaunga pūtea whakahaere

Opex is the day-to-day cost of providing services, meeting our obligations and running our business.

Opex per fibre connection has fallen over time as the network has grown. It will continue to decline, although more slowly, during our next regulatory period as the network matures.



We propose to spend \$740m of operating expenditure (opex) over PQP2 or \$185m on average each year:

**\$327m**

or 44% is to operate and maintain our network and manage our assets

**\$115m**

or 15% is for product management, sales and marketing

**\$94m**

or 13% is for IT operations, for customer supporting and business services

**\$204m**

or 28% is for our corporate services (e.g. legal, finance, human resources, governance)

Our fibre operating costs per connection have declined as the network matures and we expect more efficiencies as the legacy copper network (costly to maintain and operate) is wound down.

# A quality broadband service that meets New Zealand's needs

He rātonga whaihua ai a Aotearoa whānui

We plan to maintain current service levels and the current quality standards. These standards reflect the two most important quality attributes for fibre services:

## AVAILABILITY

keeping your service working

## PERFORMANCE

making sure there is enough capacity on our network to provide internet services to you without buffering or delay

This means you will continue to receive the same reliable, uncongested fibre service that you have today. We are proposing some minor adjustments to quality standards, however these are technical in nature and will not affect the service you receive.

Like our proposed expenditure and revenues, our proposed quality standards are evaluated by the Commission and set as part of its regulatory determination. The Commission sets "quality standards" along with our expenditure and revenue.

**AVAILABILITY &  
PERFORMANCE  
ARE THE TWO MOST  
IMPORTANT QUALITY  
ATTRIBUTES FOR  
FIBRE SERVICES**

# How to engage

## Te whakawhitinga

In the coming months, the Commerce Commission will consult on our proposal and on their draft decision, which will be their views on which parts of our expenditure plans to approve or not approve. When it is available, you will be able to find their consultation material [here](#).

We encourage you to have your say on our proposal and get involved in this process. You can do that either by providing feedback to the Commission when their consultations are open, or by sending your views directly to Chorus [here](#).

We'd also love to hear any feedback you have about this document — whether it was helpful or if there are points we should change for next time

If you would like more information about our expenditure plans, our full proposal is [here](#).



**OUR FIBRE FUTURE**

**C H ● R U S**

Tō tātau muka a muri ake nei